State of Arizona

Accepting Credit Card Payments for the Sale of Products through the State of Arizona Web Portal

Quick Reference Guide
November 2012

Introductory Notes

This document is intended to serve as a quick reference guide for agencies now processing or intending to process credit card transaction for the sale of products, whether goods or services, through the State of Arizona Portal (Web Portal). This document may be updated and/or modified as necessary, so it is suggested that agencies refer to the General Accounting Office (GAO) website periodically to ensure that they are using the most recent version. Agencies may refer to the following link for any updated versions:

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http://www.gao.az.gov/webportal/

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If additional information or clarification is needed, agencies may contact the GAO for assistance. Contact information for the GAO and other involved parties referred to throughout this reference guide are included in the 'Contact Information' section at the end of the document.

New Agency Set Up

Agencies that are interested in accepting credit cards through the Web Portal should contact Arizona Strategic Enterprise Technology (ASET) to get started. The Web Portal offers a Payment Gateway utility application that allows customers of the State to complete transactions via credit card through the Arizona @ Your Service website. Payment Gateway development and operation are currently outsourced to National Information Consortium (NIC), Inc. The Web Portal is available to all State agencies to utilize for the sale of products and acceptance of credit card payments for such products.

Existing Agencies

Agencies that are already set up to accept credit cards through the Web Portal should contact the GAO if they need to update their GAO Product Parameters, request access to Web Portal reports and/or need assistance with clearing credit card deposit batches in the Arizona Financial Information System (AFIS).

Web Portal Product Parameters

In order to sell products through the Web Portal, an agency must first establish a product code for each good or service to be sold using Form GAO W-100, *Web Portal Product Parameters.* Form GAO W-100 is available on the Online Forms section of the GAO Website at www.gao.state.az.us/onlineforms/. The information collected by the GAO W-100 is used to create the agency's Web Portal deposit file that NIC transmits to the Internal Transaction (IT) file in AFIS when credit card transactions are settled. Each product is assigned a product code, index or PCA, comptroller object, agency object (if applicable), product description and fee. An updated GAO W-100 is required each time a new online product is to be established or coding of an existing online product needs to be changed. The completed GAO W-100 is to be sent to the GAO for review and validation; the GAO will then forward vetted forms to NIC. Agencies should **not** send the GAO W-100 document directly to NIC.

Setting Up the Zero Balance Account (ZBA) and Merchant Identification Number (MID)

Agencies must complete a 'Request for Agency Bank Account Form' to open a new ZBA. The form is available on the Treasurer's Office website at www.aztreasury.gov under _Banking Services/Agency Account Authorization_. A new MID account is also required in order to accept credit cards as a payment method. Agencies must have a ZBA account set up prior to the initiation of the MID account setup. Agencies should contact the Treasurer's Office for additional information and clarification.

Statewide Policy Reminders

State agencies must follow the policies and procedures for accepting credit cards as payments for amounts owed to the State. Agencies must be familiar with the following GAO technical bulletins and related forms:

- Technical Bulletin 06-4, _Accepting Credit Cards as Payment for Amounts Owned to the State of Arizona_
- Supplement to Technical Bulletin 06-4, _Accounting For Credit Card Activity_

GAO technical bulletins may be found on the GAO website under the link:

http://www.gao.az.gov/publications/

- Form GAO-E101, _Payment Card Acceptance Fiscal Impact Analysis_

Form GAO-E101 is voluntary and is designed to aid in estimating the fiscal impact to the agency associated with the acceptance of credit cards. This form may be found on the GAO website under the link:

http://www.gao.az.gov/onlineforms/

Fees and Approved Fee Limits

The credit card transaction fee consists of a discount and processing fee. The discount fee is a fee calculated and charged by a card issuer or processing financial institution pursuant to an agreement for the processing of any credit card transactions. This fee may be a percentage or a flat fee. The processing fee is a fee charged by an entity other than a card issuer or the processing financial institution to complete a credit card transaction. It is charged to agencies that still operate on existing IBM applications which run remittances through merchant accounts held by NIC. It is currently not charged to agencies that operate on NIC applications, but this is subject to change in the future.

The convenience fee is an optional, additional fee that is imposed by an authorized agent (for example NIC), on behalf of a State agency on a web-based or Web Portal transaction, for the acceptance of a credit card that would not be charged if the same transaction were completed by an alternate method of payment. If charged by an agency, a convenience fee must be a flat or fixed amount, regardless of the transaction type or transaction amount, and must be applied to all products sold through the Web Portal. Agencies should contact the GAO for assistance and guidance with establishing convenience fees.

The approved discount fee limit is a percentage, established annually by the State Treasurer's Office, by which the revenue associated with a credit card transaction may be reduced.

The approved processing fee limit is a dollar amount, established annually by the State Treasurer's Office, by which the revenue associated with a credit card transaction may be reduced.

The current approved discount fee limit and processing fee limit are available on the State Treasurer's Office website at www.aztreasury.gov under Banking Services, Credit Card Agreement.

Web portal Reports

Web Portal payment service provides various reports to assist State agencies with the daily credit card deposits and reconciliation. Agencies should be familiar with the various report options prior to the launch of their Web Portal payment service. Agency requests to add or remove Web Portal report access must be submitted to the GAO.

Timely Deposits

Agencies utilizing the Web Portal must reconcile their credit card bank accounts and credit card deposit transactions residing in the AFIS IT file as frequently as dictated by transaction volume. Under no circumstance should the reconciliation be performed less than once a month. All deposit transactions must be cleared at the close of each fiscal year.

Annual Credit Card Report

Agencies must submit an Annual Credit Card Report by each October 1st for the preceding fiscal year to the Joint Legislative Budget Committee (JLBC), the Governor's Office of Strategic Planning and Budgeting (OSPB), the GITA and the GAO. A copy must also be retained at the agency. Report details include:

- The number of processed credit card transactions
- The gross total dollar amount of transactions processed
- The dollar amount of credit card transaction fees
- The dollar amount of operating expenses incurred that are directly related to the processing of credit cards and
- The dollar amount of convenience fees collected

Chargebacks, Reversals of a Chargebacks, Returns/Refunds and Rejected Transactions

A chargeback is a payment dispute initiated by the credit cardholder with his/her credit card issuing bank. The amount of the disputed transaction is immediately withdrawn from the agency's bank account.

The reversal of a chargeback occurs when a chargeback is found to have been processed in error. The chargeback will be reversed by the credit cardholder's bank, and the amount reversed is credited to the agency's bank account.

A return or refund is a transaction initiated by the agency when a customer's payment is returned or refunded to the customer. This usually occurs when the customer paid twice for the same product or paid for the wrong product.

Rejected transactions occur if a customer's credit card that is used for the transaction is reported lost or stolen after a credit card is authorized by the credit card issuing bank, but before funds for that transaction are sent to the agency's bank account.

Agencies should contact NIC and GAO when chargebacks, reversals of chargebacks, returns/refunds or rejected transactions do not reconcile.

Contact Information

NIC

- Angie Lincoln (602) 256-9075 or Alincoln@nicusa.com
- Eric Carmody (602) 256-9075 or Ecarmody@nicusa.com

ASET

- Andy Miller (602) 364-4788 or amiller@azdoa.gov
- Matthew Morales (602) 625-1184 or matt.morales@azdoa.gov

Treasurer's Office

- Carlton Woodruff (602) 604-7851 or carltonw@aztreasury.gov
- Kim Peed (602) 542-7857 or Kpeed@aztreasury.gov

GAO

- AFIS.Operations@azdoa.gov